

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group
Division of Integrated Health Systems

December 11, 2003

Stan Rosenstein, Deputy Director
Medical Care Services
California Department of Health Services
MS 4000
P.O. Box 942732
Sacramento, California 94234-7320

Dear Mr. Rosenstein:

I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving California's request for renewal of the Hudman waiver, authorized under 1915(b)(4) of the Social Security Act (the Act). California's request for a waiver of Section 1902(a)(23) (Freedom of Choice) of the Act is approved for a 2-year period beginning on December 15, 2003, through December 14, 2005.

The decision to approve the renewal of this waiver is based on evidence submitted to CMS demonstrating that the State's proposal is consistent with the Medicaid program and will meet all statutory and regulatory requirements for assuring beneficiaries access to care, quality of services, waiver cost-effectiveness for section 1915(b) waiver programs and will not restrict emergency services. If the State decides to request an additional renewal of this program, the renewal application must be submitted at least 90 days prior to the expiration date of this waiver. Therefore, California must request that this waiver be renewed by submitting a request for renewal on or before September 14, 2005.

Approval of this request is contingent upon the following terms and conditions:

1. Identification of the Medicaid beneficiaries in the Hudman waiver is a crucial first step in assessing quality of care, in determining Medicaid expenditures and in conducting reliable patient satisfaction surveys. Therefore, the State must develop the methodologies and procedures for identifying the participants of this waiver no later than March 1, 2004. The plan is to be submitted to the Regional office by that date. Further, this plan needs to be fully implemented no later than May 31, 2004.

2. The State should ensure that it has begun reporting expenditures on the CMS-64 Report no later than December 31, 2003. The CMS Central Office and Regional Office staff are available to provide technical assistance in this area should you need it. In addition, CMS would like to remind the State that the new 1915(b) cost effectiveness test would be required for subsequent renewals or amendments of this waiver.

We appreciate the State's efforts in operating the Hudman waiver. Should you choose to pursue your intention of discontinuing the waiver after this renewal, please contact Diane Caradeuc at (415) 744-3576. If you have any other questions, please contact Gregg Ukaegbu in the CMS Central Office, at 410-786-0505; or, Richard Spector in the CMS San Francisco Regional Office, Division of Medicaid, at (415) 744-2978.

Sincerely,

/s/

Theresa A. Pratt
Director

cc:

Linda Minamoto, ARA Region IX
Richard Spector, Region IX
Peggy Clark, Central Office
Gregg Ukaegbu, Central Office